FINANCIAL LITERACY AND FINANCIAL MANAGEMENT: MEDIATING EFFECTS OF FINANCIAL TECHNOLOGY

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Abstract: Technology and communication are currently developing so rapidly that they are changing human life. Especially in the financial sector, with the aim of providing convenience to the community and increasing productivity and effectiveness. Despite the convenience provided by financial technology, there are quite a few people who still don't understand financial literacy, how to build good financial management skills and a general understanding of financial technology. This research aims to find empirical evidence and analyze the mediating influence of the use of financial technology on the influence of financial literacy on financial management. The sampling method used was the purposive sampling method and the total sample was 85 respondents who were the research objects. The data analysis method is quantitative descriptive analysis using primary data and hypothesis testing using WarpPLS 8.0 software. The test results show that financial literacy has a positive and significant effect on financial management. Financial literacy has a positive and significant effect on financial technology. While financial technology has a positive and significant effect on financial management, financial technology can mediate financial literacy on financial management.
Keyword: Financial literacy, financial management and financial technology

INTRODUCTION

Technology and communication are currently developing so rapidly that they are changing human life. Especially in the financial sector, with the aim of providing convenience to the public and increasing productivity and effectiveness which includes financial behavior, lifestyle, consumer attitudes, especially convenience of transactions, speed of receiving information and the presence of digital social networks on mobile phones(Rahma & Susanti, 2022). Despite the convenience provided by financial technology, quite a few people still do not understand financial literacy, how to build their financial management skills well and an understanding of financial technology which is still common.

Increasing needs, lifestyles and consumer attitudes require individuals to manage their own finances to avoid the many online shopping systems or shopping centers that are spread everywhere as well as the imbalance between understanding and managing personal finances. So financial knowledge and the ability to manage finances well are very important.

Students are no exception, currently students are required to have insight, skills and confidence, especially in managing their personal finances well and improving their financial welfare. Students are some of those who make a significant contribution to the economy.

his own finances(Nababan & Sadalia, 2013).

Financial management requires all individuals, especially students, to have a basic understanding of finance, which leads to financial behavior to take financial responsibility. In the world of college, students have freedom in financial management and make financial decisions without parental supervision. Limited monthly pocket money is a problem faced by students who live consumption-oriented lives without income(Chen & Yeh, 2021). As a result they experience poor financial management(Widiawati, 2020).

So it is necessary to have a broad understanding of finances and learn to be responsible in terms of financial management so that they are able to manage their personal finances effectively, improve their financial well-being and have enough to meet their living and study needs.

According to the Financial Services Authority (OJK) in 2017 financial literacy is knowledge, beliefs and skills that influence a person's attitudes and behavior to improve the quality of decision making and financial management in order to achieve prosperity. Financial literacy is a combination of five aspects, namely knowledge, awareness, attitudes, behavior and individual skills in making decisions related to using finances for future prosperity.(Sugiharti & Maula, 2019). According toYushita (2017), Financial literacy is the skill that individuals need to make effective decisions about their finances.

According toChen & Volpe (1998), in studying financial literacy students can gain basic knowledge of financial management, credit management, savings and investment management, and risk management. OCBC NISP Financial Fitness Index data shows that until 2021, the literacy level of Indonesian society is still low, namely 37.72 out of 100 total scores. Around 85.6% lack understanding of literacy among the younger generationuseful for increasing financial access for the Indonesian people, especially students

Financial literacy is closely related to financial management, where the higher a person's level of financial literacy, the better the person's financial management.Financial management is the process of achieving personal financial goals through a structured financial management knowledge base(Herlindawati, 2015). According to Warsono (2010), financial management is an individual's ability to plan their finances in the form of using data, determining sources of funds, risk management, and planning for the future.Rahma & Susanti (2022)said financial management is a form of application of management concepts which includes planning, controlling and managing finances at the individual level. The basic formation of this behavior is obtained in various ways, one of which is through education(Leksono & Narsih, 2020).

Understanding finances is very important for every individual, especially students, so that they are able to manage their personal finances effectively, well, precisely and have enough finances to meet their living and study needs. Therefore, students as people studying should be able to optimize their ability to manage money.

There are several reasons why students' financial management abilities are not yet optimal. First, lack of financial literacy(Mendari & Kewal, 2013). Second, they are not responsible for what is done with the money(Alfilail & Vhalery, 2020). This reason causes students to become financially weak. As a result, many of them are unable to manage their finances.

A person's weak ability to manage finances can be caused by low financial literacy. Financial literacy influences student behavior in managing personal finances(Laily, 2016). So financial literacy has an important role in managing or controlling one's finances. Financial management is crucial for students because it is needed in everyday life so that students' income and expenditure needs can be balanced.

Understanding financial management is very important, because managing finances is a reality that students always face in their lives, therefore students are obliged to behave wisely Be wise in managing your finances so you don't get caught in financial difficulties which can lead to failure in managing your finances. Based on previous research, student personal financial management has a positive influence on financial literacy. This states that students with strong financial literacy knowledge can manage their finances effectively, well and precisely and can make appropriate financial decisions so that they are able to manage their finances optimally.(Khoirunnisa & Rochmawati, 2021).

*Financial technology*is the use of technology in the financial system to produce new products, services, technology and business models that will have an impact on monetary stability, the financial system, efficiency, smoothness, reliability and security of the payment system. In research(Marginingsih (2021)concluded that financial technology is innovation in the financial services industry by utilizing technology to facilitate people in carrying out financial transactions. The availability of sophisticated financial features and services, financial technology will provide benefits and use of financial technology payments so that students will be better at managing their finances.

This research aims to testmediating effect of the use of financial technology on the influence of financial literacy on financial management. Apart from examining the mediation effect, this research also examines the direct influence of financial literacy on financial management.

LITERATURE REVIEW

The influence of financial literacy on financial management

A high level of financial literacy can improve financial management. Through financial theory *behaviour*where a person's financial responsibility is related to how finances are managed can be influenced by a person's knowledge(Ningsih, 2017). The level of financial literacy influences an individual's ability to process information and make decisions related to financial management(Jonubi & Abad, 2013). Thus, an individual's high level of financial knowledge will influence their behavior in being responsible in managing their own finances. Based on this, the hypothesis proposed is as follows:

H1: Financial literacy has a positive effect on financial management

The influence of financial literacy on the use of financial technology

Based on Ajzen's Theory of Planned Behavior (1991), if an individual has a high positive attitude towards behavior then their interest in implementing that behavior is also high. In this research, the theory of planned behavior is included in subjective standards related to financial literacy regarding financial technology, namely when someone has knowledge, self-confidence and financial literacy skills, their interest in using financial technology is high. Based on this, the hypothesis proposed is as follows:
H2: Financial literacy has a positive effect on the use of financial technology

The influence of the use of financial technology on financial management

*Financial technology*can assist in the efficiency and economic operations of buying and selling transactions and payment systems(Erlangga & Krisnawati, 2020), According to the Technology Acceptance Model (TAM) theory where perceived ease of use is defined as the extent to which a person believes that the use of technology will be free from effort which is related to this indicator, namely flexibility, ease of interaction, ease of use and ease of learning. Thus, if someone believes that an information system is useful then he will use it(Chuang et al., 2016). The emergence of financial technology as a means of payment transactions, a means of storing money, and also a means of borrowing money(Purwanto et al., 2022).
Based on this, the hypothesis proposed is as follows:
H3: financial technology has a positive effect on financial management

***Financial technology*can mediate the influence of financial literacy on financial management**

According toMargininingsih (2021), innovating the financial services industry by utilizing technology to facilitate people in carrying out financial transactions is the definition of financial technology. According to the Technology Acceptance Model (TAM) theory, financial management can be influenced by the level of ease and usefulness of an information system that a person receives(Chuang et al., 2016), whereas according to financial theory *behaviour*where a person's knowledge can influence a person's financial responsibility related to how they manage their finances(Ningsih, 2017). Based on this, the hypothesis proposed is as follows:
H4: financial technology is able to mediate the influence of financial literacy on financial management

RESEARCH METHODOLOGY

This research uses quantitative research methods descriptive. The population used in this research is students from the Faculty of Business Economics and Digital Technology based on 2022 who have taken the course, namely 455 students consisting of accounting students and management students. Researchers used Purposive Sampling techniques to take samples with the number of respondents obtained using the Slovin formula:

$$n = \frac{n}{1 + N(e)^2}$$

Information :
n = Sample Size/number of respondents
N= Population Size
e = Margin error

$$n = \frac{455}{1 + 455(0,1)^2}$$

$$n = \frac{455}{1 + 4,55}$$

$$n = \frac{455}{5,55}$$

$$n = 81,981$$

Based on the Slovin formula using a standard error of 10% (0.1) with a sample size of 85 respondents. This research uses primary dataobtained from distributing questionnaires online.

As forThe questionnaire measurement uses a Likert scale in the form of a statement containing five answer options, namely "strongly agree, agree, doubtful, disagree, and strongly disagree". Indika The tors used to collect questionnaire data include: 1) Financial literacy, namely regarding basic knowledge of financial management, credit management, savings and investment management, and risk management, 2) financial management, namely regarding the use of data, determining sources of funds, risk management, and future planning, 3) Financial technology, which is about trust, usefulness and ease of use.

RESULT AND DISCUSSION

PData processing in this research used the WarpPLS 8.0 application. The following are the results of hypothesis testing in this research.

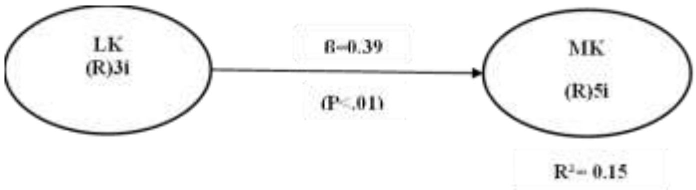

Figure 1.1Estimation of Direct Relationships
Source: Data Processing by Researchers (2023)

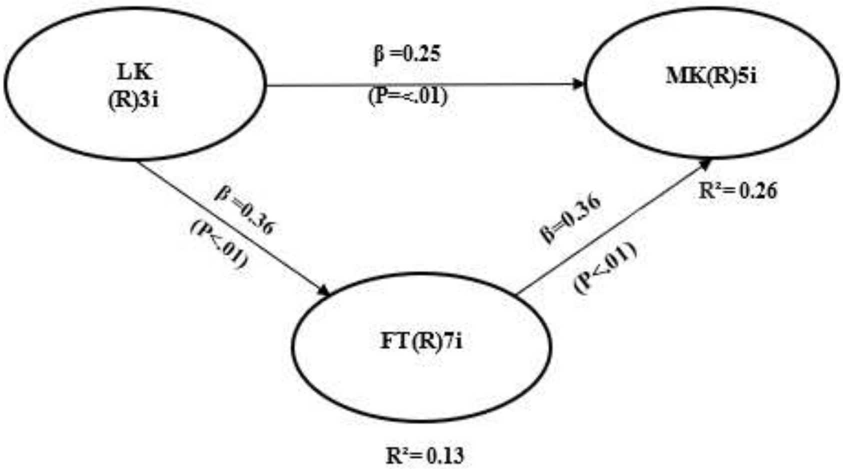

Figure 1.2 Full Model
Source: Data Processing by Researchers (2023)

Figures 1.1 and 1.2 above illustrate the results of hypothesis testing in this research.Figure 1.1 shows the results of direct testing between financial literacy and financial management, that the results of the path coefficient of financial literacy to financial management are ß=0.39, P=<.01, indicating that the proposed hypothesis has a positive effect. Meanwhile, Figure 1.2 shows that the path coefficient of the direct relationship between the financial literacy variable and financial management after being mediated has a positive effect with a significant value of <0.05, namely ß=0.25, P=<0.01, then the path coefficient of the indirect relationship of the financial literacy variable to financial technology and financial variables. technology has a significant effect on financial inclusion. The following is a discussion of the research hypotheses in this study

The first hypothesis in this research is financial literacy has a positive effect on financial management. The results of hypothesis testing in Figure 1.2 show that the impact of financial literacy on financial management shows significant results with a path coefficient value of 0.25 and p-value <.01. These results mean that financial literacy can influence financial management because responsible behavior is able to manage one's finances optimally by utilizing and applying the knowledge one has in managing one's finances.

This research is in line with research conducted byRahma & Susanti (2022),Khoirunnisa & Rochmawati (2021),Sugiharti & Maula (2019),

The second research hypothesis is financial literacy has a positive effect on the use of financial technology. The results of hypothesis testing in Figure 1.2 show that the impact of financial literacy on financial technology shows significant results with a path coefficient value of 0.36 and p-value <.01. This can be concludedthe higher the level of financial literacy, the greater the use*financial technology*, because students' high financial understanding and knowledge influences their interest in transacting with services*financial technology*and their ability to use these services correctly and effectively. This research is in line with research conducted byAlawi et al. (2020),Azizah et al. (2022).

The third hypothesis of this research states that financial technology has a positive effect on financial management. The results of hypothesis testing in the figure show that the impact of financial technology on financial management shows significant results with a path coefficient value of 0.36 and p-value <.01. This can be concluded that users of financial technology can influence financial management because using financial technology that students have is able to encourage students to calculate the costs used so as to set aside some of their money for future needs.

This research is in line with research conducted byFerdiansyah & Triwahyuningtyas (2021),Erlangga & Krisnawati (2020),Rahma & Susanti (2022).

The next discussion is the mediation hypothesis. To determine the mediation effect in this research, the author uses a simple mediation model, namely there is only one mediator variable. To analyze this simple mediation model, the author adopts the flow created by(Hair, 2017). According toHair (2017), mediation effects are divided into five groups, namely:

a. *Direct-only nonmediation*The direct effect was significant but not the indirect effect.
b. *No-effect nonmediation*Both direct and indirect effects are significant.
c. *Complementary mediation*: Indirect effect and direct effect are both significant and show the same direction.

d. *Competitive mediation*: The indirect effect and direct effect are both significant and and point in opposite directions

e. *Indirect-only*indirect mediation only: The indirect effect is significant but the direct effect is not significant.

Table 1.1
Mediation Hypothesis Testing Results

Hypothesis	Variable	Path Coefficient After the mediating variable is entered	Information
H7	LK→MK	0.25	*complementary partial mediation*
	LK→FT	0.36	
	FT→IK	0.36	

Based on table 1.1 above, it can be seen that *financial technology*able to mediate the influence of financial literacy on financial management.

Next, based on figure 1.2The test results show that there is an indirect relationship from LK to MK with FT as mediation, the relationship between the LK variable and FT is β =0.36, P=<.01, and FT → MK β =0.36, P =<.01, showing a positive effect with significant value, while the direct relationship between LK and MK is β = 0.25, P = <.01, indicating a positive and significant effect. So it can be said that financial technology is able to mediate financial literacy on financial management with the status of a Complementary mediation effect (partial mediation). This occurs because the indirect relationship is significant and the direct relationship is also significant by showing the same direction.

CONCLUSION

This research aims to test mediating effect of the use of financial technology on the influence of financial literacy on financial management. Apart from examining the mediation effect, this research also examines the direct influence of financial literacy on financial management. The results of this research found that financial literacy on financial management showed significant results and had no positive effect, then financial literacy on financial technology had an effect because it showed significant results and had a positive effect, then financial technology on financial management had an effect because it showed significant results and had a positive effect , the final finding is that financial technology is able to mediate the influence of financial literacy on financial management.

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